

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 AGR-05 STR-04 AID-05

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FM AMEMBASSY PARIS

TO SECSTATE WASHDC PRIORITY 0750

INFO AMEMBASSY BONN

AMEMBASSY BRASILIA

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DEPT PASS AGRICULTURE FOR OILSEEDS & PRODUCTS/FCA
AND MCMILLAN/FAS

E.O. 11652: N/A

TAGS: EAGR/FR

SUBJECT: REPORTED SOYBEAN DEAL BETWEEN FRANCE AND
BRAZIL

REF: BONN TEL 10280

1. FRENCH OILSEED PROCESSING PLANT SCHEDULED FOR CON-
STRUCTION IN BORDEAUX BEGINNING AUTUMN 1975 AND OPERA-
TION IN 1977 (REPORTED TO WASHINGTON IN FAS REPORT
FR-5010). ANNUAL CAPACITY TO BE 500,000 MT, OF WHICH
300,000 MT SOYBEANS AND REMAINDER RAPESEED AND SUNFLOWER.
PROJECT IS UNDER MANAGEMENT OF CNTA (COMPTOIR NATIONAL
DES TECHNIQUES AGRICOLES), A PRIVATE FIRM BUT OWNED ES-
SENTIALLY BY FRENCH COOPS. CNTA BUYS MOST OF FRENCH
PRODUCED OILSEEDS AND SELLS THEM TO FRENCH CRUSHERS
OR FOR EXPORT. AS REPORTED IN FR-5010, DREYFUS FIRM
IS ALSO INVOLVED IN BORDEAUX PROJECT.

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2. WEEKLY BULLETIN OF AGRICULTURE RECEIVED TODAY GIVES FOLLOWING INFO ON BORDEAUX PROJECT. IN ADDITION TO CNTA, WHICH REPRESENTS FRENCH PRODUCERS AND THEIR COOPS AND WILL RETAIN MAJORITY CONTROL AND ITS ASSOCIATE, THE DREYFUS COMPANY, THE BRAZILIAN SOYBEAN COOPERATIVES WILL PARTICIPATE IN THE CAPITAL (10 TO 15 PERCENT) AS WELL AS THE ALGERIAN GOVERNMENT IF ONGOING NEGOTIATIONS SUCCEED. THE BULLETIN STATES ALSO THAT ACCORDING TO A PROTOCOL JUST SIGNED, THE BRAZILIANS UNDERTAKE TO PROVIDE 300,000 MT ANNUALLY AT A PRICE TO BE FIXED BY COMMON AGREEMENT ON TERMS OF REFERENCE YET TO BE DETERMINED. THE BULLETIN CONCLUDES BY NOTING THAT THE ORIGINITY OF THIS ENTERPRISE RESTS IN THE FACT THAT TWO FOREIGN COUNTRIES, ONE A SELLER AND ONE A BUYER, WOULD BE ASSOCIATED IN PROVIDING 30 PERCENT OF THE CAPITAL IN AN ENTERPRISE CONTROLLED BY FRENCH PRODUCERS WHO COULD HAVE SOME ARBITRAGE INFLUENCE ON THE INTERNATIONAL MARKET.

3. AGATTACHE DISCUSSED BONN PRESS REPORT AND FRENCH AGRICULTURE BULLETIN WITH TADDEI, MEMBER OF CNTA TEAM BEGINNING A U.S. TRIP IN WASHINGTON JUNE 30 (REF MCMILLAN WHO IS ASSISTING TEAM WITH TRIP ARRANGEMENTS). TADDEI EMPHASIZED THAT REPORTS ARE PARTLY TRUE BUT NOT BASED ON ALL FACTS. BRAZIL ARRANGEMENT IS PENDING AS REPORTED IN GERMAN TRADE PRESS (REFTEL). AGREEMENT IF FINALIZED WOULD PROVIDE UP TO REPEAT UP TO 300,000 MT, THE SOYBEAN CAPACITY OF THE BORDEAUX PLANT, BUT NOT NECESSARILY THE TOTAL AMOUNT. TADDEI SUGGESTED SOMETHING MORE LIKE PERHAPS ONE HALF THAT AMOUNT AND US SOYBEANS ARE DEFINITELY NOT EXCLUDED AS SUPPLY SOURCE. HE ALSO UNDERLINED THAT PRICE HAD TO BE COMPETITIVE WITH OTHER SOURCES OF SUPPLY. TADDEI SAID DREYFUS WOULD BE UNLIKELY TO ACCEPT ANY OTHER BASIS FOR PRICE DETERMINATION. TADDEI VOLUNTEERED THAT HE EXPECTED ANY AGREEMENT WOULD NOT BE FINALIZED BEFORE END OF JULY AND THAT HE WOULD ARRANGE MEETING BETWEEN PRESIDENT OF CNTA AND AGATTACHE TO DISCUSS TERMS OF FINAL AGREEMENT.

4. COMMENT: IT APPEARS THAT CNTA TEAM VISITING US WILL LIMITED OFFICIAL USE

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BE INTERESTED IN SEEING WHAT KIND OF LONG TERM SUPPLY ARRANGEMENT THEY CAN MAKE WITH U.S. FOR SUPPLYING BORDEAUX PLANT, IN COMPETITION WITH BRAZIL. FRENCH STATE SECRETARY OF AGRICULTURE DENIAU AT RECENT MEETING OF FRENCH OILSEED PRODUCERS ASSOCIATION PRAISED CNTA FOR BRAZIL INITIATIVE. THE DEPENDENCY ON US AS SOLE SUPPLIER NEEDS TO BE REDUCED HE SAID. THE US WILL SURELY CONTINUE TO BE BIG SUPPLIER IN COMING YEARS, BUT

IT WILL NO LONGER BE ONLY ONE. ALSO, HE SAID RELIABILITY ON US AS A SUPPLIER HAS TO BE DEMONSTRATED.
RUSH

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Margaret P. Grafeld
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